

Statewide Accounting Office (SAO) Streamlined Accounts Receivable Presentation

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State Accounting Office (SAO) Streamlined Accounts Receivable

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State Accounting Office (SAO) Streamlined Accounts Receivable

Overview

The State Accounting Office, as recommended by the Commission for a New Georgia (CNG) has identified the following goals surrounding Accounts Receivable. We will be working with agencies to establish centralization and uniformity in:

- **Billing**
- **Definition**
- **Aging**
- **Financial Reporting**
- **Collections**

PeopleSoft should be utilized, where possible, in order for the State to better manage this asset. The following module will be utilized:

- **Billings**
- **Accounts Receivable**
- **General Ledger**

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I. Goals and Objectives: (As outlined by the CNG)

1. Develop and implement statewide policies on:
 - Receivable Definitions.
 - Aging Reporting Requirements
 - Monitoring program of high dollar and significantly aged receivables
 - Defines the Interfund and Intergovernmental receivables and collections process
2. Utilize third party or dedicated teams to focus on:
 - aged receivables over 120 days
 - accounts greater than \$50,000
3. Seek legislation and programmatic changes to effectively aid statewide collection efforts.
4. Utilize industry best practices.

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I. **Goals and Objectives:** (As outlined by the CNG)

5. Allow for write-offs or allowance for bad debt (financial reporting).
6. Use of third party collections and a single collection center for the State
7. Authority for agencies to assess penalties and fees.
4. Establish roll out plan for PeopleSoft Billing Module during fiscal 2007.

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Excerpt from the CNG Study

Potential Economic Opportunities ... Show Me The Money!

Sampled 10 State Departments/Agencies representing
approximately 69% of total.

\$2.3 Billion (82%) is over
120 days →

\$207 Million over \$50,000,
made up of only 2,580
accounts →

Receivables

\$2.8 Billion
(Sampled)

← \$68 Million in
Intergovernmental
Transactions

Additional \$126
Million in DCH
advance payments

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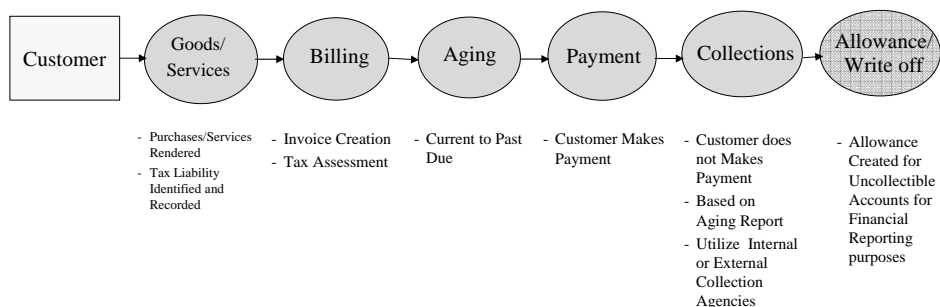
Accounts Receivable Definition:

The term “accounts receivable” represents

- an asset of the State reflecting a debt that is owed to the State
- have not been received by the State agency servicing the debt.
- includes claims, damages, fees, fines, forfeitures, court costs, loans, overpayments, and tuition
- as well as penalties, interest, and other costs authorized by law.

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Accounts Receivable Life Cycle:



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Accounts Receivable Issues Facing the State (According to CNG)

- ☒ No uniform Statewide receivables/collection policy or definition of receivables
- ☒ No specific policy or guidance focusing on high dollar or significantly aged receivables
- ☒ Large dollar amounts of receivables above \$50,000 (\$207 Million made up of 2,580 accounts)
- ☒ Little or no performance reporting
- ☒ Varying abilities to collect receivables among State departments
- ☒ Inconsistent use of technology

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State Accounting Office Plans

SAO has begun the process of developing a comprehensive project plan that will consist of the following elements:

- Establish a uniform definition of Account Receivable where possible realizing that the Department of Revenue will require specific and different definitions.
- Defining what other collection procedures State Agencies should use to enforce collection.
- Work with agencies to determine whether current inventory of receivables are properly categorized, monitored and reported.
- Establish procedures for writing off/setting up allowance for uncollectible accounts receivable.

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State Accounting Office Plans con't

- Utilize PeopleSoft's Bilateral Netting process in Streamlined Banking for inter-agency receivables.
- Propose a mandate to liquidate all Intergovernmental transactions annually.
- Establish a dollar threshold that determines when a receivable is significant and material where additional consideration and attention is required.
- Increase departmental authority to assess penalties and fees that would allow additional enforcement or collection strategies.

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Conclusion

The SAO will continue to conduct meetings with various agencies to establish:

- Evaluate their current Accounts Receivable environment.
- Document Agency As-Is process flows
- Partner with agencies to establish a To-Be environment for future deployment
- Utilize the State Accounting Manual (SAM) as the single source (repository) for agencies to use to gather accounts receivable information
- Establish new policies, procedures and guidelines